

October 10, 2012

**ITEM NO. C1**

**AUTHORIZATION TO ENTER INTO A CONTRACT WITH KPMG, LLP TO  
PROVIDE INTERNAL AUDIT SERVICES  
AUTHORIZATION TO ENTER INTO A CONTRACT WITH KPMG,  
LLP TO PROVIDE INTERNAL AUDIT SERVICES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a contract with **KPMG, LLP** to provide Internal Audit Services for the period of November 1, 2012 through October 31, 2015 in an amount not-to-exceed \$3,000,000.00.

The Executive Vice President (EVP), the Office of the General Counsel and the Office of Procurement have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE GOAL**

Streamline operations to make CHA more customer-focused and effective

**FUNDING:**

General Fund 2012

**SOLICITATION SUMMARY**

**Specification No. RFP 12-00883**

**Vendor:** **KPMG, LLP**  
Andrew Gottschalk, Partner  
200 East Randolph Drive, Suite 5500  
Chicago, Illinois 60601

**Contract Type:** Professional Services  
**Base Contract Amount:** \$3,000,000.00  
**Base Contract Period:** Three (3) years  
**Option Period:** (none)  
**Publication(s):** Chicago Sun-Times, Extra,  
Chicago Defender and CHA Website

**Vendor List:** Sixty Four (64)  
**Pick-up List:** Twenty Seven (27)

**Solicitation Release Date:** March 12, 2012  
**Days Advertised:** Thirty (30) days  
**Addendum:** One (1)  
**Pre-Bid/Proposal Date:** March 19, 2012

**Solicitation Due Date:** April 16, 2012  
**Assist Agencies:** Sixty Four (64)  
**Respondents:** Five (5)

**M/W/DBE Participation:**

**Direct:**

MBE 12% WBE 10% DBE \_\_\_\_\_%

Waiver Y (Yes/No)

**Section 3: Pending**

Hiring \_\_\_\_\_(#) Subcontracting \_\_\_\_\_(\$) Other Economic Opportunities \_\_\_\_\_(\$)

**GENERAL BACKGROUND**

Since 2001 CHA has partnered with professional firms to assist CHA in its governance, risk mitigation, and compliance responsibilities by performing duties as an internal audit service provider. Firms were requested to propose rates for performance of audit and professional consulting services approved by the CHA's Audit Committee. Key responsibilities of the provider include updating an annual risk assessment and audit plan, updating and verifying that CHA is addressing the identified risks, testing and evaluating audit areas, and validating compliance with applicable regulations, policies and procedures.

Annually, the CHA Audit Committee approves an audit plan of projects based upon the risk assessment. CHA's Director, Audit Management and Compliance, working with the internal audit service provider, issues engagement scoping memos to stakeholders involved in the audit projects. The internal audit service provider must understand the overall scope, budget, and develop an audit approach for specific projects. Upon completion of the audit process, reports are communicated to the Audit Committee.

It is essential that CHA has the capability to review, assess and monitor the effectiveness and efficiency of operations and practices. The internal audit function serves a critical role as an objective partner with management to address organizational risks, and process improvements in operations, while confirming adherence to existing policy and procedures.

Performing validation and advisory services, CHA internal audit function adds value to the organization by updating staff and commissioners on the latest significant governance, risk, and compliance issues.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The CEO/President recommends the approval to enter into a contract with KPMG, LLP to provide Internal Audit Services in an amount not-to-exceed \$3,000,000.00 for the period of November 1, 2012 through October 31, 2015.

**RESOLUTION NO. 2012-CHA-84**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated October 10, 2012 entitled "AUTHORIZATION TO enter into a contract with KPMG, LLP to provide Internal Audit Services in an amount not-to-exceed \$3,000,000.00 for the period of November 1, 2012 through October 31, 2015."

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners ("Board") authorizes the Chief Executive Officer or his designee to enter into a contract with KPMG, LLP to provide Internal Audit Services in an amount not-to-exceed \$3,000,000.00 for the period of November 1, 2012 through October 31, 2015.

These awards are subject to each Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 resident hiring, and bonding and insurance requirements.

